

The meeting was held at 10:00 a.m. on Tuesday, May 9, 2006, at the Grant Sawyer Building, 555 East Washington Avenue, Suite 4412, Las Vegas, Nevada.

COMMISSIONERS IN ATTENDANCE

Vice Chairman
Commissioner
Commissioner
Commissioner
Commissioner

Jay D. Bingham
Andrea Anderson
Shari Buck
Ace I. Robison
Myrna Williams

COMMISSIONERS NOT IN ATTENDANCE

Chairman
Commissioner

Richard W. Bunker
Marybel Batjer

DEPUTY ATTORNEYS GENERAL

Senior Deputy Attorney General
Senior Deputy Attorney General

Gerald A. López
Jennifer T. Crandell

COMMISSION STAFF IN ATTENDANCE

Executive Director
Energy Services Group Manager
Manager of Regulatory and Intergovernmental Affairs
Chief, Finance and Administration
Assistant Director of Engineering and Operations
Division Chief, Water
Hydropower Program Manager
Natural Resource Specialist
Natural Resource Specialist
Program Officer II
Network Administrator
Office Manager
Office Manager
Administrative Assistant II
Administrative Assistant II

George M. Caan
Gail A. Bates
James D. Salo
Douglas N. Beatty
Robert Reese
James H. Davenport
Craig Pyper
McClain Peterson
Nicole Everett
Lisa M. Ray
Kaleb Hall
Deanna Bruno
Judy Atwood
Janet L. Nuszbaum
Caryl Shine-Myers

OTHERS PRESENT; REPRESENTING

American Pacific Corporation
Bunker & Associates
Kummer, Kaempfer, Bonner, and Renshaw, Ltd.
Las Vegas Valley Water District/So. Nevada Water Authority
Overton Power District No. 5

Jack Stonehocker
Melissa Trammell
Michael Phillips
Sandra Reed Bottino
Delmar Leatham

**COLORADO RIVER COMMISSION
OF NEVADA
MEETING OF MAY 9, 2006**

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The Colorado River Commission meeting was called to order by Vice Chairman Bingham at 10:00 a.m. followed by the pledge of allegiance.

A. Conformance to Open Meeting Law.

Executive Director George Caan confirmed that the meeting was in compliance with the Open Meeting Law.

B. Approval of the minutes of the March 14, 2006, meeting.

Commissioner Williams moved for approval of the minutes of the March 14, 2006, meeting as written. Commissioner Robison seconded the motion, and the motion was approved by a unanimous vote of those present.

C. Consideration of and possible action to approve renewal contracts for the sale of electric power from the Parker-Davis Project with Basic Water Company, Chemical Lime Company of Arizona, Overton Power District No. 5, Southern Nevada Water Authority, Titanium Metals Corporation, Tronox LLC and Valley Electric Association, respectively.

Executive Director George Caan stated that at the February 14, 2006, Commission meeting, the Commission approved Amendment No. 1 to Contract No. 87-BCA-10086 between the Western Area Power Administration and the Commission for Electric Service from the Parker-Davis Project. This Amendment extends the sale of clean, relatively inexpensive federal hydropower from the project to Nevada for another 20 years, from September 2008 to September 2028, with an approximately one percent reduction in the amount of allocated capacity and energy.

With the approval of Amendment No. 1, staff and counsel have been working together with the Commission's seven current Parker-Davis Project contractors to develop renewal contracts for the sale of this resource. These contractors are Basic Water Company, Chemical Lime Company of Arizona, Overton Power District No. 5, Southern Nevada Water Authority (assignee of Pioneer Americas), Titanium Metals Corporation, Tronox LLC (formerly Kerr-McGee), and Valley Electric Association. Each of these contractors has now fully executed the Parker-Davis renewal contract developed in this interactive process.

The renewal contracts fully satisfy the statutory, regulatory and contractual requirement that upon the expiration of a contract for the sale of power in effect on July 1, 1993, the Commission offer a right to renew the contract, pro-rating any reduction in the amount of power available to the Commission to sell pursuant to the renewed contract. Accordingly, the renewal contracts expressly provide that there is no right of renewal or extension of the already renewed contract when it expires in 2028. At that time, the Commission will evaluate electrical power needs as they then exist, but, as also expressly provided in the renewal contracts, nothing prevents a contractor from applying for a renewal or extension or for an allocation of power, or from receiving or accepting an offer of a renewal, extension or

allocation from the Commission, if the contractor is eligible to do so under the then applicable power marketing regulations of the Commission.

Commissioner Anderson moved for approval of the renewal contracts, Commissioner Robison seconded the motion, and the motion was approved by a unanimous vote of those present.

<p>D. Consideration of and possible action on ratification of Contract No. CRCPDP-21 for the procurement of cable, cable accessories and cable trench for the Hacienda Substation Upgrade Project.</p>

Robert Reese, Assistant Director of Engineering and Operations, reported that the Hacienda Substation Upgrade Project (“Hacienda Upgrade”) is a project being undertaken in conjunction with the Southern Nevada Water Authority (“SNWA”) to refurbish and upgrade the high- and low-voltage electrical systems serving SNWA’s Hacienda Pumping Station. Under the Hacienda Upgrade, CRC is responsible for renovation work in the external supply substation while SNWA is responsible for renovation of the electrical system internal to the Pumping Station. As part of the substation upgrade CRC will be installing a second 69/4.16-kV, 20 MVA transformer bank, replacing the existing oil-filled power circuit breaker, adding state-of-the-art electronic relays, installing primary metering, installing oil containment basins around the transformers, installing a firewall between transformer banks, and extensively modifying the substation bus work. On-site construction of the Hacienda Upgrade is expected to commence in the fall of 2006. CRC is currently in the design and material procurement stages for the project.

Over the past several months, staff has initiated activities to procure the owner-furnished material for the project. Contract No. CRCPDP-21 has been prepared to allow purchase of the necessary 5-kV cable, cable terminations, and pre-fabricated cable trench. On January 31, 2006, CRC released Contract No. CRCPDP-21 to eight prequalified vendors. By the time of bid closing, CRC had received three bids.

Staff contacted several non-responding vendors following the close of bidding to determine the reason these vendors elected not to submit bids. The primary reason cited was the extensive amount of work currently occurring in the electric utility industry nationwide in conjunction with CRC’s requirements relating to insurance, performance security and liquidated damages. However, staff believes all bidding provisions including those related to insurance, performance security and liquidated damages are necessary to ensure the timely delivery of materials for the Project.

Although only three bids were received, staff believes the bidding process undertaken by CRC has ensured these bids were competitively priced.

After receiving them, staff evaluated the bids. The evaluation involved a two-step process. The first step included a review of each bid to ensure compliance with the requirements of the technical specifications and contract documents. The second step

involved an evaluation of each proposal in accordance with the Commission's "Procedures for Purchasing Major Electrical Equipment for the Power Delivery Project." This evaluation considered eight separate factors including price, schedule, quality, and service. Based on this two-step process, staff recommended the award of Contract No. CRCPDP-21 as follows:

Bidder	Bid Item	Description	Bid Price
Northern Power Equipment, Inc.	501 and 502	Medium Voltage Cable, 5,000 volts nominal, 750 kcmil single copper conductor, shielded, 133 percent insulation level, shipped on three reels to the cut lengths specified, and Medium Voltage Cable Termination Kits and Compression Connectors, 5,000 volts, matched to cable provided, with silicon rubber skirts for outdoor application.	\$111,544.00
Trenwa, Inc.	503	HS20 Rated Precast Concrete Cable Trench System, including HS20 rated covers, ground cable support clips, power blocks, and trench cross under section.	\$69,720.00

The above bid prices total \$181,264.00. Staff requested ratification of contract authority of \$199,390.40 for Contract No. CRCPDP-21. The requested amount includes 10 percent for quantity adjustments and change orders.

Due to the lead times, it was necessary to execute this contract in April so that we could place the order in the manufacturing schedule. If the Commission decides not to ratify this contract, there will be no financial impact on the Commission. They will just simply drop this from the manufacturing schedule.

Commissioner Anderson made a motion to ratify the contract which was seconded by Commissioner Robison and approved by a unanimous vote of those present.

<p>E. Consideration of and possible action to approve Contract No. SA-06-01 with Incuity Data Solutions/Progressive Software Solutions ("Incuity") for maintenance support services for the Power Delivery Project.</p>
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Robert Reese, Assistant Director of Engineering and Operations, reported that during the fourth quarter of 2001, CRC embarked upon a project to replace the existing supervisory control and data acquisition system for its substations with a new substation automation system. The new substation automation system was intended to enhance CRC's ability to operate its transmission and distribution facilities, monitor equipment status, respond to operational events, analyze relay reports, and conduct preventative maintenance based on

real-time data. Schweitzer Engineering Laboratories, Inc. ("SEL") was retained by the Commission at its August 13, 2002, meeting to develop the substation automation system. The substation automation system has been in-service and functioning as intended since July of 2003.

On December 9, 2003, the Commission entered into a contract with SEL to provide support services for the substation automation system. These support services include development of human-machine interface screens and updates, development and updating of communication processor settings, development and updating of substation automation system database and set points, substation automation system troubleshooting, and restoration of the substation automation system in the event either the system software or hardware are temporarily or permanently rendered inoperable.

The current contract with SEL will terminate on May 31, 2006.

SEL's expertise is primarily associated with substation automation system hardware and in this regard they are the leading manufacturer of relays, controls, and communication processors for the electric utility industry. Since installation of the substation automation system, hardware problems and the need to replace hardware components have not occurred.

The substation automation system software utilized by SEL was developed by a third-party software developer. Although this substation automation system software has performed exceptionally well over the past several years, on-going programming support services have been required, among them the development and installation of software upgrades and modifications of the software to reflect the addition of new substations, including the RMPS-B Substation completed in 2002. Additional substations will be added to the CRC substation automation system over the next several years, including SNWA's Hacienda Substation.

Key personnel who were previously involved in the development and on-going maintenance of the substation system software have now formed Incuity. Staff proposes the Commission contract directly with Incuity for the required software support services. By contracting directly with Incuity, staff will be able to directly engage those individuals with the greatest knowledge of the substation automation system software, thereby minimizing cost to CRC, streamline communications, and eliminating coordination issues. Incuity is agreeable to provide the required services directly to the Commission and to enter into CRC's standard contract for maintenance support. As with all such contracts, services under the contract are provided on an as-requested basis in detailed task authorizations developed by CRC staff. The not-to-exceed price of the contract has been set at \$125,000, based upon historical expenditures of approximately \$25,000 per year for the services of Incuity's personnel as previously provided through SEL.

Commissioner Robison made a motion to approve the contract which was seconded by Commissioner Anderson and approved by a unanimous vote of those present.

F. Colorado River Commission Power Delivery Project Annual Safety Report and presentation of American Public Power Association's 2005 Safety Award.

Vice Chairman Bingham presented the American Public Power Association's ("APPA") 2005 Safety Award to Assistant Director of Engineering and Operations, Robert Reese.

Executive Director George Caan stated that the award is for no incidents or accidents for utilities that have less than 15,000 man hours worth of work. This award was presented to the Commission at the 2006 APPA Engineering and Operations Technical Conference in Sacramento, California, in April.

Mr. Reese presented a summary of the annual safety report, a copy of which is attached hereto and made a part of the minutes. (See Attachment A.)

G. Update on the status of discussions regarding shortages criteria and other developments on the Colorado River.

Natural Resource Specialist McClain Peterson gave a presentation regarding the use of water on the Colorado River in 2006, a copy of which is attached hereto and made a part of the minutes. (See Attachment B.)

Water Division Chief Jim Davenport followed with a report regarding the states' discussion related to the Secretary of the Interior's process to adopt a rule for shortage management and operation of the reservoirs at low reservoir conditions. The states' proposal was submitted to the Secretary on February 3, 2006. A report on that proposal was made at a previous meeting.

Mr. Davenport stated that the lower basin states met on March 27, 2006, to begin to talk about how to put the various agreements in writing that would be necessary to begin to implement the agreement that has been reached. Since February 3, 2006, there have been one seven basin states meeting and three lower basin states meetings where these details have been discussed.

Another process is going on within the Bureau of Reclamation. That is the process by which that staff is attempting to turn the proposals that they have received from various parties, including the seven basin states, into alternatives that would be included in the environmental impact statement. The major proposals that have been made are the one by the seven basin states, a second by a collection of environmental groups, and third, comments to the Bureau of Reclamation from its energy agency, the Western Area Power Administration, and also a proposal that relates to recreation protection on the reservoirs that was submitted by the National Park Service. The technical staff of the Bureau of Reclamation is working with those ideas that have come in from those sources, and, of course, others that are independent written submissions as well. Current scheduling anticipates that there could be a draft environmental impact statement by September or October 2006, with the objective of taking that to a final by December 2007.

H. Comments and questions from the public and discussion. (No action may be taken on a matter raised under this item of the agenda until the matter itself has been specifically included on an agenda as an item upon which action will be taken).

There were no comments or questions from the public.

I. Comments and questions from the Commission members.

There were no comments or questions from the Commission members.

J. Action to select next meeting date and adjourn.

The next Commission meeting is scheduled for June 13, 2006, at the Sawyer State Office Building, Suite 4401.

Commissioner Williams made a motion to approve the next meeting date and place, which was seconded by Commissioner Robison, and approved by a unanimous vote of those present.

The meeting adjourned at 11:00 a.m.

George M. Caan, Executive Director

APPROVED:

Jay D. Bingham, Vice Chairman